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Proposed programme budget for the biennium 2018-2019

Proposed United Nations Secretariat contribution to the United Nations Development Group cost-sharing arrangement for the resident coordinator system

Sixth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018-2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed United Nations Secretariat contribution to the United Nations Development Group cost-sharing arrangement for the resident coordinator system (A/72/337 and Corr.1). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 29 September 2017.

2. The report of the Secretary-General is submitted pursuant to General Assembly resolution 71/272 B, in which the Assembly requested the Secretary-General to present to it at its seventy-second session a refined proposal on the cost-sharing arrangement and management of the financing thereof and to submit associated costs in the proposed programme budget for the biennium 2018-2019.

II. Proposal of the Secretary-General

3. The report states that the United Nations Development Group has been implementing a system-wide cost-sharing agreement in support of the resident coordinator system since January 2014. Under the agreement, the United Nations Development Programme, as manager and host of the resident coordinator system, funds the "backbone" costs of the resident coordinator system at the global, regional and country levels, consisting of the salaries of resident coordinators, the infrastructure to support them and some costs at the regional and global level of the system, which amount to approximately $90 million annually. This is supplemented by the system-wide cost-sharing agreement of the United Nations Development

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Group, which funds core coordination capacity in resident coordinator offices, the six regional Group teams and the United Nations Development Operations Coordination Office, amounting to approximately $35.9 million annually (A/72/337 and Corr.1, paras. 12-14).

4. Section IV of the report provides information on an independent review commissioned by the United Nations Development Group in 2017 to ensure efficiencies and determine how best to ensure a stable and sustainable funding arrangement for the resident coordinator system. The report indicates that the review found that the overall coordination budget was insufficient for current or future needs, and confirmed the validity of the cost-sharing formula, consisting of a base fee and system load based on the number of countries in which entities operated and the size of the entity. The review also noted that a fee-for-service model would not be appropriate, given that all but one of the coordination functions could not be divided into services attributable to specific Group entities (A/72/337 and Corr.1, paras. 18, 21 and 23).

5. In its resolution 71/243, the General Assembly requested the Secretary-General to prepare a comprehensive proposal on further improvements to the resident coordinator system administered by the United Nations Development Programme and to present it to the Economic and Social Council at the end of 2017 for its review and recommendations and to the Assembly at its seventy-second session for further action. The Secretary-General indicates that, as the comprehensive proposal is likely to have implications for the future funding of the system, the executive heads of the member entities have agreed to an interim agreement for the biennium 2018-2019 pending the consideration of the comprehensive proposal. Under the agreement, the global budget would be maintained at $127.2 million annually for the biennium, and member entities of the United Nations Development Group would be expected to contribute the same annual amount that they were expected to contribute in 2017 (A/72/337 and Corr.1, paras. 27 and 30-32).

6. The report indicates that the total United Nations Secretariat contribution would amount to $13,571,800 for the biennium 2018-2019. The General Assembly is requested to approve this amount for the United Nations Secretariat contribution to the resident coordinator system and to increase the estimated resource requirements of $13,321,574 requested by the Secretary-General under section 9, Economic and social affairs, of the proposed programme budget for the biennium 2018-2019 (A/72/6 (Sect. 9)) by the amount of $250,226 accordingly (A/72/337 and Corr.1, table 4 and paras. 35 and 37).

III. Observations and recommendations

7. The Advisory Committee recalls that, in the context of the proposed programme budget for the biennium 2018-2019, the Secretary-General proposed the amount of $13,321,574 for the United Nations Secretariat contribution to the United Nations Development Group cost-sharing arrangement for the resident coordinator system. The Secretary-General indicated that the amount was provisional pending the report on the refined proposal, which would be finalized in August 2017 for submission to the General Assembly at the main part of its seventy-second session. In its first report on the proposed programme budget for the biennium 2018-2019, the Advisory Committee stated that it was not in a position to recommend the approval of the proposal of the Secretary-General prior to the submission of the refined proposal to the Assembly at its seventy-second session (A/72/7, paras. IV.16-IV.19).

8. Upon enquiry, the Advisory Committee was informed that the report of the Secretary-General does not include a refined proposal as requested by the General Assembly, as such a proposal would have been premature, given that the Secretary-General's comprehensive proposal to be submitted to the Economic and Social Council at the end of 2017 was pending and would include an adjustment to the cost-sharing arrangement. The Committee was also informed that, as the Assembly would consider the comprehensive proposal in 2018, the implementation of a refined funding arrangement would likely commence in 2020.

9. **The Advisory Committee recalls that it was not in a position to recommend the approval of the Secretary-General's proposal in this regard in the context of the proposed programme budget for the biennium 2018-2019, pending the submission of the refined proposal at the main part of the seventy-second session of the General Assembly. In this connection, the Committee notes that the report of the Secretary-General does not include a refined proposal as expected, but rather reflects an interim arrangement agreed between the executive heads of the member entities pending the submission of his comprehensive proposal to the Economic and Social Council.**

10. **Taking into account the upcoming consideration by the Economic and Social Council of the comprehensive proposal, which may have an impact on cost-sharing arrangements, the Advisory Committee is not in a position to recommend the approval of the Secretary-General's proposal at this stage. Should the decision of the Economic and Social Council on the comprehensive proposal have financial implications for the biennium 2018-2019, the Advisory Committee is of the view that the Secretary-General could submit proposed revised estimates to the programme budget for the biennium 2018-2019, if necessary, for the consideration of the General Assembly. The Committee trusts that future submissions of the Secretary-General on the resident coordinator system will contain all relevant information, including details on budget formulation, financial reporting and oversight mechanisms.**